HUMAN EVENTS

Vol. XV, No. 47 Monday, November 24, 1958 Washington, D. C.

News Section *Printed in Two Sections*

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An Unleashed General: The victorious Democrats (Northern style) may have laid an egg when they called for a full-dress probe of our foreign policy, to give the country a picture of where we've been going and where we are heading now.

"Liberal" Senator William Fulbright (D.-Ark.), who shakes his mane happily over the prospect of such an investigation, obviously hoping to embarrass Secretary of State Dulles, may discover that he's stepped on a rake. For Republicans on the Hill want the committee to call as one of its first witnesses a General whose current book of memoirs has shocked and stunned reviewers across the country. That witness would be General Albert C. Wedemeyer, the author of *Wedemeyer Reports* (Holt; $6), a chapter from which appeared in the HUMAN EVENTS Article Section last week.

That chapter dealt with our debacle in China—the reverberations of which are felt to this day. In view of the General's background, as therein revealed, many Members of Congress would like his opinion on the Quemoy crisis. If the Republicans ask the right searching questions, he might well pin the responsibility for the present mess in the China Sea on the Acheson-Truman policy of the postwar years.

Wedemeyer's book contains some startling dicta on Roosevelt's, as well as Truman's and Acheson's, ventures in foreign policy. Wedemeyer, unlike many other retired officers, has not relapsed into a state of peaceful discretion in an Army & Navy Club armchair. He bluntly states that President Roosevelt "maneuvered us into the war by his patently unneutral actions against Germany and the final ultimatum to Japan." Referring to FDR's warnings in 1941 of Hitler's alleged intentions against the US, the General scornfully comments: "This fear strategy was a fraud." He lays lustily into the Roosevelt policy of Unconditional Surrender, saying it simply prolonged the war and cost America many casualties.

Particularly noteworthy among Wedemeyer's reflections on the origin of our entrance into World War II is his verdict on what Roosevelt and Churchill did in June, 1941. He says that when Germany attacked Russia, we should have stood aside and let Nazi Germany and Communist Russia knock each other out. This judgment infuriates the conformists, for they cannot claim that all-out aid to Soviet Russia was the only obvious course. Others at the time openly dissented from this Roosevelt-Churchill policy, notably ex-President Herbert Hoover and the late Senator Taft. The latter, in a radio address, June 25, 1941, vigorously denounced Roosevelt's intervention on the side of Russia, and his affectionate embrace of the treacherous Stalin. Even Harry S. Truman, then a Senator, struck a discordant note. According to *The New York Times* (June 25, 1941), Truman suggested that the US help whichever side seemed to be losing: "If we see that Germany is winning," said Harry, "we ought to help Russia and if Russia is winning we ought to help Germany and that way let them kill as many as possible, although I don't want to see Hitler victorious under any circumstances. Neither of them think anything of their pledged word."

Wedemeyer, if the Fulbright Committee dares call him, may provide a provocative session, for he writes as critically of Eisenhower as of Churchill, and spares General George C. Marshall not at all. Additionally, he has harsh words for President Roosevelt—idol of the Democratic party—whom he sees as laying the groundwork for our present calamitous situation. From some passages, the General would seem an admirer of John Foster Dulles in his present course—which should provide an element of balance in any projected probe, obviously designed to undermine our anti-appeasing Secretary of State.

Critics of the Wedemeyer book charge that the author rose as a protege of General Marshall, and then turned against him. Perhaps they do not know that Marshall himself was the protege of General Stanley D. Embick, Wedemeyer's father-in-law, who had a great influence on the Wedemeyer thinking. Old Army men say that Embick, when Assistant Chief of Staff, picked Marshall out of an obscure position as adviser to the Illinois National Guard and boosted him up the ladder of promotion.

New GOP Chief? Reports that Republican National Chairman Meade Alcorn will resign have set off much discussion in Capital GOP circles. Alcorn, a Modern Republican from Connecticut, got a cool reception on Capitol Hill when he arrived to take over his duties two years ago. However, he proved not as bad as many Congressmen expected. Representative Richard Simpson, head of the GOP Congressional Committee, and Senator Andrew Schoeppel, head of the GOP Senatorial Committee, literally took him in hand and educated him in proper respect for the opinions of Members of Congress.

However that may be, the fact is that he presided over the party in the two years leading up to the recent debacle at the polls. Whatever he did or failed to do, he certainly did not revamp a National Committee that, by this time, has lost three congressional elections. A change is overdue, and already the Modern Republicans

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have popped up, proposing Judson Morehouse of New York as Alcorn's successor. A National Chairman from New York, particularly now, under the Governorship of "liberal" Nelson Rockefeller, would scarcely draw enthusiasm from the grass roots.

Today, it is emphasized in many quarters, the party needs leadership from the grass roots. Accordingly, a number of names have been thrown in the middle of the table. There is Ray Bliss, GOP State Chairman in Ohio and long a power in the party there. A former Taft supporter, Bliss would draw praise from the bulk of the party leaders in the country. Then there is Wayne Hood, of Wisconsin. Hood served as Executive Director of the National Committee during the campaign which elected Ike in 1952. He was responsible for dropping the me-too approach and for cultivating the "stay-at-homes," who had not been voting because of Dewey me-tooism. Finally, there is William W. Spear, who retired as Chairman of the Republican party in Nebraska several years ago. This year, Spear—a conservative—watched from the sidelines as the floundering Modern Republican Governor, Victor Anderson, went down to defeat, after refusing to take up the labor issue. (The Nebraska GOP has asked a recount in the Governorship race.)

New Profile of Labor: "Demure" and "deprecating" are the adjectives applied to the attitude of the labor boss tribe in the Capital, on the morrow of their big victory at the polls two weeks ago. If anyone expected a truly Roman victory celebration, he was disappointed.

The well worked-out line apparent in the labor press (like the *AFL-CIO News* and the Machinists' paper) is deliberately soft and modest. For quotation in the "capitalist" press, the editorial writers stress that the Democratic victory was one in which labor walked side by side to the polls with small business, farmers, white collar workers. The labor strategists obviously fear a public reaction against the money and power they wielded at the polls.

Walter Reuther, boss of the bosses, stayed modestly in the wings, leaving the spotlight to George Meany, old-line AFL leader, considered by the unwary as much less "liberal." The result was not entirely happy for either Reuther or Meany. The ex-plumber described some extravagant-looking spending schemes he expected Congress to pass. When queried by a reporter as to the estimated costs of these, Meany majestically brushed aside the question. Whereupon the reporter suggested that Meany did not "care a damn" what they cost. Meany then lost his temper but failed to particularize.

The emphasis on "welfare legislation," it is agreed among reporters, was a shrewdly calculated move. Instead of instantly demanding repeal of section 14-B of the Taft-Hartley Act (permitting states to pass right-to-work laws), or an end to the McClellan Committee, the spokesmen of the labor bosses carefully avoided such subjects, and concentrated their utterances on "welfare legislation." (The "pound of flesh" demanded in the two above-mentioned matters will, it is felt, come later, amidst the confusion attendant on the opening of Congress—possibly under cover of the expected uproar over the filibuster.) The welfare demands, involving spending of considerable scope, were much the same as the outline of legislation unveiled by Democratic Senate Leader Lyndon Johnson. Thus, it is remarked, identity of policy is established between big labor and the shell of the Democratic party into which, crab-like, labor's political power has crept.

The labor lobbyists know the art of parliamentary maneuvering, are prepared to wait a few months and with justifiable confidence are also prepared to move in and demand their reward, just before the voting, for their services at the polls. At present the significance of the "new profile" of big labor is that the bosses do not want to be labelled as the real power in the Democratic party, and are abnormally sensitive to references of that sort. Likewise, Democratic leaders are known to be very worried lest there be created the popular image of a fat labor boss figure astride the donkey.

How Goldwater Won: From special coverage in Arizona, HUMAN EVENTS is able to reconstruct the *modus operandi* of the Goldwater campaign. The young Senator's victory over his well-financed and backed opponent, Governor Ernest McFarland, emerges as the outstanding exploit of the Republicans in an otherwise dreary election result.

Goldwater ran on a thoroughly conservative platform and record, and in no way dodged issues or resorted to me-tooism or compromises. He demonstrated that he was no coattail rider when he did not, as did others, cry to Ike for help. In a state with a preponderant Democratic registration, Goldwater did not resort to tactics which over the years have undermined the strength of the Republican party in the neighboring state of California, in which registered Democrats also far outnumber Republicans. Goldwater appealed only to the Jeffersonian Democrats and refused to have anything to do with the New Dealers. He commiserated with the Jeffersonians for their forced association with a "bunch of radicals."

Needless to say, he was not afraid of the labor issue and did not fear to attack Reuther (as did losing GOP Senator Frederick Payne of Maine). He stood on his well-known record in behalf of labor reform, including the right to work; he made COPE, Reuther's political arm, the main focus of his attack. Through an efficient campaign intelligence service, he learned in January, 1958 that COPE agents had moved into the state to organize against him. The "G2" of the Goldwater organization was alerted to spot such agents, their cars and out-of-state licenses. The license numbers were checked in states of origin and agents identified.

All this led to the spotting of the chief COPE organizer, whose criminal record was obtained and published. Arizonans did not like out-of-state labor agents coming in to combat a well-liked Senator and rallied to Goldwater's support.

Meanwhile, organization in the precincts bore much responsibility for the victory. Goldwater says that he in effect started to organize three years ago, when he began to spot and pledge money necessary for campaign expenses, to gather campaign personnel and to tighten up the structure and staffing of the Republican party in the

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state. Fifty faithful Goldwater followers in Phoenix manned a battery of telephones and got 7,000 women to volunteer their services for a special organization to work outside the regular GOP. Each woman volunteer was pledged to obtain support from ten neighbors.

Seventy-thousand pledged voters is no small number in a state like Arizona. The volunteers were schooled in campaign arguments and given kits of campaign material. They performed their door-bell ringing with great efficiency and none failed to make the target. Each volunteer followed up on the day of election with a call to the ten neighbors, insuring their appearance at the polls.

Since Arizona has a large "new" population, numbering many thousands of newcomers from other states, the Goldwater women's organization staged no less than 200 coffee parties at which the new folks were able to meet the Senator and familiarize themselves with Arizona politics. The Young Republicans were assigned the job of forming "truth squads" to offset rumors and statements by the invading COPE agents. (One false rumor was to the effect that the Goldwater department store in Phoenix had the lowest wages and longest hours of any such enterprise in the state.) Squads of lawyers were at hand on election and registration day, prepared to appear on a moment's notice at any election or registration booth where challenges were made.

The result was victory—with a pattern that might have been followed by colleagues of Goldwater; and, in any case, a blueprint that provides a *vade mecum* for the elections two years hence.

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Red Espionage: While the Supreme Court strives to obliterate all US internal security laws and while left-wingers proclaim the US Communist party is no longer a danger because of its diminished numbers, fresh evidence suggests that Red subversion is now operating at peak efficiency. HUMAN EVENTS noted, in its issue of September 22, 1958, the telling comment of Lieutenant General Arthur Trudeau, that Soviet technological advance was due more to "success in espionage and subversion than it is to their scientific apparatus." Specific cases confirming Trudeau's statement have since been popping into the news.

● A man found shot to death in Vancouver, British Columbia, possessed color photographs of secret US radar installations. He had only recently been discharged, as a security risk, from his job in a vital arm of America's defense, the Distant Early Warning Line, designed to alert this country to the approach of Soviet attack bombers. Also in possession of the former DEW employee was a box of Communist literature and a letter, signed "Mom," written by someone en route to the Soviet Union.

● Breaking shortly before the DEW story was the revelation that the secrets to Britain's Black Knight rocket, designed to put England's first earth satellite into orbit, had been passed into the hands of the Communists.

● German authorities are holding a Red agent, who was planted in their Navy in the expectation that he would come to America for instruction in US anti-submarine techniques. Before he was apprehended, he gained access to considerable classified information concerning American devices for thwarting Red submarine warfare.

● Other evidence that the Reds have riddled our security defenses was the fact that they were able, in recent months, to give the correct dates and times for an entire series of US nuclear tests. We had publicly announced only 14, but Moscow correctly stated that the full series ran to 32.

Our specialists know that the Soviet detection system, far inferior to our own, could not have picked up all of these tests (even our own monitoring stations could not detect them all). Thus, conclude worried brass, the Reds found out when and where we were testing by thorough espionage—much more thorough than we had been led to imagine.

The FBI Under Attack: The big left-wing political development of this past month has been a steady drumfire of attacks on the Federal Bureau of Investigation and its staunchly anti-Communist Director, J. Edgar Hoover. This latest anti-FBI offensive was touched off, October 18, by *The Nation,* in a "Special Issue" authored by Fred J. Cook.

Preston J. Moore, National Commander of the American Legion, warned, October 27, that "a deliberate 'smear Hoover and the FBI' campaign, similar to the Communist party's unsuccessful efforts of 1940, has been launched. . . The entire October issue of *Rights* magazine, the official publication of the Emergency Civil Liberties Committee [listed by the Senate Internal Security Subcommittee as a Communist front], is devoted to an article, 'The FBI and Your Freedoms.' It is, of course, a biased, one sided attack on the FBI. . . ."

The Worker, weekly Communist party organ in the US, has joined the crusade in a vitriolic attack entitled "Edgar Hoover's Four Decades of Fighting Against Peace." *The Worker* concludes its article on an optimistic note by declaring that "no one loves a Himmler."

Integration: In the recent hubbub over the statement by the Catholic bishops of the United States, declaring against compulsory segregation, little notice was given to the bishops' insistence upon "prudence," and their impartial rebuke to "racists" and "agitators" alike. "Changes in deep-rooted attitudes," the bishops said, "are not made overnight. When we are confronted with complex and far-reaching evils, it is not a sign of weakness or timidity to distinguish among remedies and reforms. . . . We hope and earnestly pray that responsible and sober-minded Americans of all religious faiths, in all areas of our land, will seize the mantle of leadership from the agitator and the racist."

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Precinct Financing: The Road to Victory

By PAUL JONES

THE ACTIVITIES of a modern political party cost a great deal of money. And, while expenses increase, the usual sources of income are drying up, because of our tax structure and existing legal limitations on campaign contributions. Big labor is less hampered in this respect than other organizations. Ample union treasuries enable them to promote the interests of their ally, the Democratic party, under cover of "educational work" and "non-partisan leagues."

It is clear that the Republican party cannot continue to rely on large, sporadic donors, a fast-vanishing race. Furthermore, it should not do so exclusively, even if it could. What is needed is to broaden the base of participation. If grass-roots or city pavement interest is to be stimulated, we must begin at the correct end of the chain of command, *i.e.*, with the division leader or precinct captain. At the doorbell-ringing level, we must not expect too much of the worker. He sacrifices his time and his out-of-pocket expenses. He should have recognition and some reimbursement.

My proposal is a simple one: to form a parallel, dues-paying organization within the Republican party, to be called (for example) the Republican Association. The annual subscription would be purposely very modest, not more than $2 a year, to be collected twice a year, at $1 per member each time, in March and September. We should rule that nobody could pay more and no one less. Within the Republican Association, we must have equal contributions and equal voices.

If party committees, like college alumni fund-raisers, want to establish special large-gifts subcommittees (divorced from the Republican Association), that is their affair. But I believe that in the long run the fat cat could become obsolete, with his passing unmourned, especially by the ex-fat cat himself.

Collections (in exchange for a new, numbered membership card) would be made in person by the division leader or precinct captain. There are good reasons for this provision. It would give the division leader a reasonable excuse (and incentive) to call on his constituency once every six months. This would keep him in touch with what party members are thinking about current issues, and would also give him a chance to recruit new members as they come of age, to check on lapsed registrations, and to offer his services in all the legitimate ways open to a political worker.

One dollar is a sum that almost anybody who is working (or whose husband is working) can spare without notice. Yet, small as it is, it would represent a commitment. People rarely appreciate anything free. They set a higher value on things which cost them a modest sum, in exchange for a membership card. Also, the voter is pleased to be noticed by a visit and to have some attention paid to his opinions.

We must be entirely frank about the financial aspects at every level. There is nothing to conceal. This is the way it would work: The division leader or precinct captain, after making his collections, should retain 20 per cent, to cover his time and expenses. For example, in a voting district where he has been able to enroll 200 voter-members of the RA, he would make $40 in the spring and $40 in the fall. No one would consider that exorbitant, yet it is a decent incentive and would be a welcome addition to his budget. Division leaders would turn in 80 cents out of each dollar to the ward or the township committee, which in turn would retain 20 cents, passing 60 to the city or county committee, which would take 20 and send 40 to the state committee, which then splits equally with the National Committee.

A possible picture (after serious work) might look something like this:

- On an annual basis, the division leader or precinct captain, recruiting 200 members at $2 a year, would get $80 a year for his expenses.
- *A ward committee, representing 6,000 voter-members, could count on $2,400 a year for ward purposes.*
- A city committee, in a big city like Philadelphia, representing 200,000 hard-core RA's, would have an annual income of $80,000.
- *A state committee, with a membership of one million in a large state like Pennsylvania, would retain $400,000 a year.*
- The National Committee, assuming a constituency of ten million, could count on $4 million annually. The general expenses of administration and promotion, met at the national level, might run to 20 per cent of gross income. Thus, the National Committee would net for political purposes $3,200,000 a year, or $12,800,000 between Presidential elections.

IS THIS FEASIBLE? I think it is. If you were to ask a professional fund-raiser what potential he saw in a national cause with a constituency of at least 20 million faithful adherents, with active committees already in existence for over a century at the national, state, county, city, ward and division or precinct level, he would say you have a gold mine that isn't being properly worked. The structure for efficient fund-raising is there —right down to the city block, the individual voter and a good cause. The experience of such groups as the Red Cross or the unions, with their broad, mass base, suggests that the Republican party could more than meet its budgets by organizing small, voluntary, regular contributions.

The very essence of this scheme is the primary collector, the division leader or precinct captain, the indispensable non-commissioned officer of the political army. It would help him keep in touch with the voters, it would help him with his expenses, and it would bring a breath of much-needed fresh air into the financial picture of the party. Furthermore, it would give the individual member a direct sense of participation in party affairs.

It would be advisable to test the plan in a limited area, perhaps one city ward in a large city where nothing can be lost anyhow, in order to iron out any difficulties and test procedures.

Paul Jones for many years worked as an editorial writer for the Philadelphia *Evening Bulletin.* He is a frequent contributor to HUMAN EVENTS; his most recent article was "Why Congress Must Curb the Court," May 26, 1958. For many years he has worked as a Republican division (precinct) leader in Philadelphia.

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HUMAN EVENTS, 408 First St., SE, Washington 3, D. C., is a weekly Washington newsletter. Founded in 1944 by Frank C. Hanighen. Published usually in two sections: a 4-page news section and a 4-page article section. Entered as second-class matter, Washington, D. C. Copyright 1958.

FRANK C. HANIGHEN, *Editor and Publisher*
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Vol. XV, No. 47 HUMAN EVENTS November 24, 1958

Article Section *Printed in Two Sections*

SOCIALISM MAKES NOBODY RICHER

How Public Power Has Failed in Two "Showplaces"

By L. ROBERT DRIVER

TO READ THE outpourings by politicians from what you might call the "Take-Away States"—like those in the TVA area or the Pacific Northwest, where millions have been spent on vast dams and public power plants—one might reasonably conclude that everybody in those regions was richer than Americans in other places. New industries are supposed to flock in to profit from cheap electricity and the other advantages offered by these great socialistic enterprises. Thousands of visitors from all over the world put TVA high on their list of the American "sights" worth seeing.

Similarly, a few decades ago, Americans flocked to Sweden to observe the operation of the "Middle Way," touted by Marquis Childs as the perfect "mixed economy." American tourists rode in buses to watch workers in a socialist sausage plant turn out bologna, probably less efficiently than it was done in the local packing plant in their home towns. Even in the United States, people who accept as a matter of course the functioning of a private power plant become awe-struck when they see the same thing done by a Government "authority"—at the taxpayer's expense.

As with all grandiose socialist projects, TVA has received frenzied salvos of praise from a variety of sources. *The Washington Post* called TVA "one of the greatest of American successes" and rebuked President Eisenhower for referring to it "sneeringly" as "creeping socialism." If the President's remark is open to criticism, it is for the use of "creeping," because the TVA brand of socialism is really on the gallop. John Gunther, the inside-everywhere man, thinks that "quite possibly the TVA is the greatest single American invention of the century, the biggest contribution the United States has yet made to society in the modern world." (Ah there, Thomas Jefferson!)

Senator Lister Hill reported in a speech how the symbol of TVA is revealed: "when the lights go on at nightfall they shine out at dusk from barns, from kitchens, and from parlors deep in the coves and high on the hillsides." Why can't Consolidated Edison or Duquesne Power and Light be the beneficiaries of oratory like that?

TENNESSEE IS ONE of the most widely advertised states in the country and it is known in most foreign countries by reason of the TVA. The annual report of TVA for the fiscal year ended June 30, 1957 is a 300-page affair with many beautiful pictures and maps. It would lead one to believe that it is the most prosperous part of the country. Then, too, Tennessee gets much free advertising in the *Congressional Record*. Its Governor and two Senators are very vocal.

It would be ridiculous to disparage Tennessee or its people. Tennessee has a great history and a vigorous present. All this article is intended to do is raise these questions: "Has socialism as exemplified in TVA done Tennessee any good, beyond providing artificially cheap electric power at the expense of the rest of the Nation? If TVA is such an epochal step upward from the capitalistic morass, does it show in the figures?" And the answer to both these questions is "No."

This is remarkable, since the taxpayers of the country have poured into Tennessee as much

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as $4.6 billion, of which about $1.2 billion is invested in TVA. The Atomic Energy Commission has spent another $1.7 billion in the state for plants alone. Then Tennessee got another $1.7 billion as grants-in-aid and for direct relief—not including social security or flood-control work furnished by the Army Engineers. Well-paid technicians and bureaucrats have come to the state to operate the installations set up by the Federal Government. According to Senator Estes Kefauver, TVA "has altered the face of the earth and certainly has altered the nature of our economy and our way of living." Only "a relatively unfriendly Administration and an extremely unfriendly Bureau of the Budget" have prevented the miracle from being even more miraculous.

All this pump priming ought to show up in the prosperity figures, but it doesn't, as can be shown by the Government's own statistics. The US Department of Commerce has published figures showing the per capita income of persons from 1929 to the present time—by states. The last year available is 1957. The people of Tennessee are, of course, far better off than they were in 1934, as is true of the rest of the Nation. But relative to the gains made by other states, Tennessee has slipped back.

In 1934, 40 states could show at least as much per capita income as Tennessee; by 1957, 42 states were ahead of her. Although 57 per cent of the investments in plant and property of TVA are in Tennessee, and although the increase in per capita income of Tennessee residents in 1957 was 476 per cent greater than in 1934, the adjoining state of Arkansas—which got none of the TVA money or power— showed a corresponding increase of 542 per cent. In Georgia, with less than one per cent of the TVA investment, the increase was 497 per cent.

The per capita income in the farm states, which are supposed to be poorer than church mice, increased far more than in Tennessee—North Dakota, 711 per cent; South Dakota, 756 per cent; Iowa, 574 per cent; and Nebraska, 613 per cent.

(Tennessee's failure to keep up with the pace in national economic progress is also indicated by the fact that, while in 1934 she paid .74 per cent of all corporation income taxes collected in the Nation, by 1956 her percentage had dropped to .59 per cent.)

As evidence of the fact that the billions of dollars poured into Tennessee by the taxpayers of the other 47 states have not helped much, I quote Senator Albert Gore of Tennessee, one of TVA's major prophets. Early in the present recession, he cried out that they had "bread lines" in Tennessee and should have more Federal relief.

If there were bread lines, the unfortunate victims may have been businessmen who have gone broke in the midst of socialist plenty. Figures given by the Administrative Office of the United States Courts on the number of bankruptcies for the year ending June 30, 1957, when adjusted by population, show the Take-Away States of Tennessee and Oregon—the second great "showplace" for public power—far in the lead.

The bankruptcies in Tennessee were 2.43 times as many per thousand of population as those in the United States as a whole. The ratio for Oregon was 3.13 times as many as for the Nation as a whole. As against individual states which have had little Federal aid, the two showplaces for socialist experimentation showed up even worse. Thus the Tennessee bankruptcy record was 89.09 times that of "backward" South Carolina, while Oregon's bankruptcies were 115 times those of the Palmetto State. Tennessee's bankruptcies were 2.4 times those in Idaho, a state served by privately owned utility companies.

Even horse for horse, the contrast is extraordinary. Thus Tennessee, with its population of 3,400,000, had 3,699 bankruptcies, as against 595 in Pennsylvania, whose population is about 11,000,000. Incidentally, Arkansas, which has a population of a little more than half that of

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Tennessee, has only 216 bankruptcies. Arkansas is not included in the TVA area. Oregon, where public power flourishes, has 2170 bankruptcies against 281 in Idaho whose population is slightly more than a third that of Oregon. Adjusted according to population, Oregon's bankruptcies were 3.1 times those of Idaho.

Here again, for whatever it is worth, the people of Idaho are served by the Idaho Power Company, whose readiness and competence to build dams to add to its already good service has been fought tooth and nail by the public power bloc in the Senate—Gore, Morse, Neuberger, Kefauver, *et al.*

Perhaps this means that in the vibrantly stimulating atmosphere created by TVA and the Grand Coulee Dam, small businessmen are inspired to take risks they would not take in the stagnant environments of less progressive areas, and consequently fall on their faces. But whatever the interpretation, the figures are there, suggesting that Federal spending however lavish does not tend to trickle down to the ordinary businessman or worker.

None of this is taken into account by public power propagandists who are tirelessly promoting their case through speeches in Congress, later distributed under Government frank, as well as by institutional advertising of the kind frowned upon by the Internal Revenue Service when sponsored by private utility companies. For example, 82 newspapers, including such important ones as the *Louisville Courier-Journal* and *Nashville Tennesseean*, paid for a full-page advertisement in the *Washington Post,* urging Congress to pass the act enabling TVA to borrow money in the open market instead of, or in addition to, going to Congress for appropriations.

Private utility companies which attempt to state the case for free enterprise will be curious to know whether the newspapers which are paying for this TVA propaganda intend to deduct the cost of the advertising as a business expense. After all, the effort on the part of TVA to float its own bonds is explained by the determination of that agency to expand its steam-plant facilities, and thus compete even more effectively with private companies, a policy which has been generally frowned upon in Congress.

UNDOUBTEDLY THE improvement of the lot of the people in the Middle South was in the minds of the founders of TVA. In his book, *The Democratic Roosevelt* (Doubleday), Rexford Tugwell declares that it was Roosevelt's purpose that TVA should improve the lot of all the people in the area "by improving the soil, preventing floods and erosion, and assisting them economically." Doubtless TVA technicians have had a hand in improving the soil. They have prevented floods by flooding more land than the disastrous floods of the past used to cover.

The Army Engineers spend some $22 million a year, in Tennessee alone, for these purposes but get little credit from TVA. The new lakes are being widely advertised as recreation areas. Accomplishment in "assisting them economically" is hardly provable, since the improvement in Tennessee's economic condition is less than that recorded in other Southern states unblessed by TVA. What appears not to concern Tugwell any more than it bothered his New Deal associates is the fact that the cost of improving the lot of one area had to be borne by the people of the whole USA. More than 99 per cent of the TVA costs in Tennessee were borne by taxpayers from other states. Tennessee has never paid as much as one per cent of the Federal taxes.

This means that members of labor unions, in Detroit, for example, must contribute some part of their income to Tennessee. Not only is this true, but the users of electric energy in communities served by privately owned electric companies have to furnish the money to cover all taxes paid by private companies. The TVA pays none, and its exemption from major taxes is even more beneficial than the free capital contributed.

For some reason or other the solicitude of Take-Away politicians for the common man seems limited to their own areas. Surely the average insurance policyholder is worthy of as

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much consideration as the man with an electric milking machine in Oregon or a bathroom heater in the TVA region. But when Senator Harry Byrd's finance committee tried to get through some long-promised tax relief for mutual life insurance companies—relief, that is to say, for their policyholders—Senators Gore, Morse and Neuberger put up a fight. Senator Gore declared that "the miracle of compound interest has placed a concentration of wealth and capital in the hands of a few men . . . ," one of whose insurance companies have assets "equal to those of General Motors combined with the Ford Motor Co., plus the United States Steel Corp. added thereto." The notion that the assets of an insurance company are comparable to those of industrial corporations would be naive if held by a student of first-year economics. From one of the leaders of the TVA bloc in Congress it is disconcerting. Compared to the economic ideas prevalent among public-power propagandists, compound interest is hardly worth mentioning as a "miracle." A more miraculous miracle is that TVA gets billions of interest-free and tax-free money from the rest of us.

WHATEVER THE CONDITION of their logical processes, the TVA bloc, and public power propagandists all over, are very much in earnest. Last session they managed to get through the Senate a "self-financing bill"—a device to bypass Congress and the stingy Budget Bureau and expand TVA's steam-plant construction into areas far beyond the confines of TVA's present domain. Senator Kefauver was frank about it. The bill, he said, "would allow the TVA to support its own expansion without having to obtain appropriations from Congress, *with all its attendant difficulty.*" In the debate on this subject last year, Senator Barry Goldwater declared: "I can assure the people of the TVA area that the people of Arizona are not interested one whit in supplying the hundreds of millions of dollars necessary for the expansion of TVA area through electricity made cheap by the absence of the costs which are absorbed by established private enterprise."

Senator Goldwater represents a phase of what Senator Lister Hill of Alabama described as "the never-ending struggle between special privilege and democracy." According to Senator Hill, the private utilities hate TVA "because TVA is a yardstick against which the people in all states can measure excessive rates and monopolistic practices." More importantly, TVA is a yardstick to measure how nice it would be to do business without having to pay taxes, interest or other return on the investment. What even the enemies of public power have failed to point out is that TVA is also a yardstick to measure the achievements of socialistic schemes in the general economy of an area. When the record is properly and widely understood, we can expect to hear less and less about that TVA yardstick.

One can imagine what Presidents Jackson, Polk and Johnson, Tennesseeans who did so much to expand and preserve the Union, would have thought about spending billions for the benefit of their state—or any other state—at the expense of the Nation.

L. Robert Driver is a consultant on tax and financial matters. He was formerly connected with the Securities and Exchange Commission and the United States Treasury. His most recent contribution to HUMAN EVENTS was "Who Are The Real 'Giveaway' Boys?" February 10, 1958.

HUMAN EVENTS was founded in 1944 by Frank C. Hanighen. It is published weekly at 408 First Street, SE, Washington 3, D.C. and reports from Washington on politics, business, labor and taxes. It is usually published in two parts: a 4-page news section and a 4-page article. $11 per year.
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